

Mid-Month MEC Termination Special Enrollment Period

Background

Currently, there can be a coverage gap for individuals losing minimum essential coverage and applying for DC Health Link coverage. To address the coverage gap concern, DC Health Benefit Exchange Authority (HBX) staff is recommending a new special enrollment period (SEP).

Current federal regulations permit a SEP for an individual losing minimum essential coverage (MEC). Under that SEP, individuals can select a private DC Health Link plan up to 60 days prior to the date their old plan ends. That DC Health Link plan will become effective on the 1st day of the month following the date the old plan ends. The individual also has up to 60 days after the plan ends to select a private DC Health Link plan and that plan will be effective based on the date the plan selection is made.

However, this means that for individuals losing coverage in the middle of a month, even if they pick the DC Health Link plan prior to their loss of coverage, they will experience a gap in coverage. For example, if the individual loses MEC on June 5, and selects a DC Health Link plan on May 20th, the DC Health Link plan would not start until July 1.

Staff Recommendation

HBX staff is recommending the establishment of a new SEP which reads as follows:

If an individual is losing minimum essential coverage, as defined by 26 U.S.C. §5000A(f), on a date other than the last day of a month. The triggering event shall be the date of the loss of coverage and the length of the special enrollment period shall be sixty (60) days before the day of the loss of coverage. The effective date shall be the first day of the month where the prior coverage is terminating. This special enrollment period shall not be available to individuals seeking advance payments of premium tax credits.

Explanation

This “exceptional circumstance” builds on the spirit of the federal SEP in the following ways:

- 1) Ensuring there is not APTC paid for a month when an individual is also enrolled in MEC by limiting to customers not seeking APTC
- 2) Minimizing overlap in coverage by setting the effective date at the 1st of the month where the prior coverage is terminating.
- 3) Requiring the individual to complete plan selection prior to the loss of coverage if he/she wants to have continuous coverage.

The projected need for this SEP is low given that there are limited circumstances where coverage ends on a date other than the end of a month; most employers maintain an employee's coverage for the whole month even if that employee terminates mid-month.

Once this new SEP is implemented, in order to ensure there is no gap in coverage, the individual would need to select the DC Health Link plan in the calendar month prior to the calendar month where their old plan will terminate. If a customer does not select a DC Health Link plan prior to the loss of coverage, the federal SEP will still apply and affords a 60-day period after the loss of coverage to select a DC Health Link plan. That right is unaffected by this proposed SEP. However, the individual will experience a gap in coverage.